



Pulling together for you...

Western Commerce Bank

February 27, 2008

Mr. Bryan Hooper
Director for Office of Credit Risk Management
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20419

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RE: RIN No. 3245-AE14

Dear Mr. Hooper:

Thank you for the opportunity to comment on the U.S. Small Business Administration's (SBA's) proposed changes to 13 C.F.R 120, related to the agency's Lender Oversight Program.

Western Commerce Bank has reviewed the comment letter provided to you by the National Association of Government Guaranteed Lenders, Inc. (NAGGL), and fully supports the positions espoused in my association's letter. Of special note are those portions of the letter related to the adoption of SBA's Risk Rating System as part of the agency's oversight program. We also strongly believe that this system, and particularly the Loan and Lender Monitoring System (L/LMS), should be thoroughly and empirically evaluated by an independent third party before its use as the primary program oversight tool is codified in regulation.

We also share NAGGL's concerns regarding the provisions of the rule that are overly broad and vague, and do not allow SBA's lending partners to know with any degree of certainty what actions SBA would take and when. And, we share the association's concerns about those provisions that are not balanced regarding the rights and obligations of lenders and of the SBA, especially the timeframes that would be imposed on Lenders for various actions, as contrasted with the timeframes—or complete absence of timeframes—that SBA would impose on itself. Finally, we object to the many instances throughout the rule in which the SBA would give itself "sole discretion" to decide various issues without providing any clear parameters regarding the basis for those decisions.

As to the recommendations for changes to specific provisions of the proposed rule, Western Commerce Bank agrees with the NAGGL comment letter.

Finally, we, too, are disappointed to note the nearly complete absence in the proposed rule of any reference to the public policy purpose of SBA's loan programs, and urge the SBA to give consideration to incorporating the mission of the program into its consideration of lender performance. Thank you again for the opportunity to comment on this important proposed rule.

Sincerely,

Mike Hoyl
Senior Vice President